

Message Text

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PAGE 01 ISLAMA 04782 280949Z

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ACTION NEA-10

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R 280700Z MAY 75
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AMCONSUL KARACHI
AMCONSUL LAHORE

UNCLAS ISLAMABAD 4782

E.O. 11652: N/A
TAGS: BEXP, PK
SUBJ: MAJOR PROJECTS: LOWARI TUNNEL

REF: ISLAMABAD 4606

SUMMARY . BRIG S.G. BUTT, PROJECT DIRECTOR OF THE LOWARI
TUNNEL ORGANIZATION(LTO), CALLED MAY 27 ON ECON/COMM COUNSELOR
AND COMMOFF INDICATING POSSIBLE CANCELLATION OF TRIP TO U.S. AND
EXPRESSING DISAPPOINTMENT AT POOR RESPONSE FROM U.S. FIRMS,
PARTICULARLY INGERSOLL-RAND. END SUMMARY.

1. BRIG. BUTT SAID THAT MAIN REASON FOR ORGINALLY PLANNED TRIP
TO U.S. AND EUROPE WAS TO OBSERVE MACHINERY, DISCUSS TERMS, AND
SIGN CONTRACTS ON THE SPOT FOR UP TO DOLS 8 MILLION IN ORDER
TO OBLIGATE AVAILABLE FUNDS PRIOR TO END OF FISCAL YEAR
ON JUNE 30,1975. BUT DILATORY RESPONSES FROM U.S. FIRMS
LED TO POSTPONEMENT OF TRIP, AND THIS LAST WEEKEND THE GOP NATIONAL
ECONOMIC COUNCIL UNEXPECTEDLY CANCELLED THE DOLS 8 MILLION
ALLOCATED TO LTO FOR THIS FISCAL YEAR. THIS SUM WILL BE
BUDGETED FOR NEXT FISCAL YEAR. THIS SETS BACK PROJECT TIMETABLE FOR
ONE YEAR, BECAUSE LTO HAD HOPED TO GET LARGER SUM ALLOCATED NEXT
YEAR IN ADDITION TO DOLS 8 MILLION SPENT THIS YEAR.

2. BRIG. BUTT EXPRESSED SEVERE DISAPPOINTMENT IN RESPONSES OF
AMERICAN FIRMS TO HIS INQUIRIES RE SUPPLY OF MACHINERY. SEVERAL
ATTEMPTS AT ESTABLISHING CONTACT WITH ONE UNNAMED FIRM WENT
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UNANSWERED UNTIL LTO USED STIMULUS OF REQUESTING A PAKISTANI FIRM

TO ATTEMPT TO SECURE AGENCY RIGHTS. CORRESPONDENCE NOW OPEN
VIA THE NEW PAKISTANI AGENT.

3. IT WAS WITH INGERSOLL-RAND, HOWEVER, THAT BRIG. BUTT WAS
PARTICULARLY DISAPPOINTED. LTO HAD DECIDED TO PROCURE TUNNEL
DRILLS AND COMPRESSION EQUIPMENT FROM INGERSOLL-RAND WORTH
DOLS 2 MILLION WITHOUT COMPETITIVE BIDS ON STRENGTH OF THIS
FIRM S WORLDWIDE REPUTATION. A TEAM FROM INGERSOLL-RAND VISITED
PAKISTAN TEN WEEKS AGO AND PROMISED TO SUBMIT AN OFFER IN TWO
WEEKS TIME. OFFER HAS STILL NOT BEEN RECEIVED BY LTO.
PROCUREMENT OF MOST OF THE OTHER MACHINERY FROM OTHER FIRMS WAS
DEPENDENT UPON INGERSOLL-RAND ORDER. BUTT, THEREFORE, LARGELY
BLAMES INGERSOLL-RAND ALLEGED DILATORY RESPONSE FOR FACT THAT
LTO WAS UNABLE TO OBLIGATE FUNDS BEFORE THEY WERE WITHDRAWN BY
GOP LAST WEEK. ALTHOUGH BRIG. BUTT DIDNOT STATE THAT INGERSOLL-RAND
HAD NO CHANCE OF EVENTUALLY SECURING THIS ORDER, HE INDICATED
THAT SOME OF THE GOOD WILL HE HAD FOR INGERSOLL-RAND HAS BEEN LOST.
(HE DID SAY THAT INGERSOLL-RAND RECENTLY INVITED HIM TO SEE THEM
IN NEWYORK CITY ON HIS TRIP AND HE APPRECIATED THIS.)

4. THERE MAY BE OTHER ASPECTS TO THESE NEGOTIATIONS WE ARE
UNAWARE OF. MEANWHILE , EMB HAS OFFERED LTO ITS COMMERCIAL
FACILITIES IN NOTIFYING U.S. MANUFACTURERS OF ITEMS REQUIRED
BY THE ORGANIZATION AND OUR COMMUNICATIONS CHANNELS WHEN OTHER
MEANS OF COMMUNICATION ARE INSUFFICIENT. SUGGEST YOU INFORM
GRANT RISCH, VICE PRESIDENT, INGERSOLL-RAND INTERNATIONAL,
WOODCLIFF LAKE, NEW JERSEY.
BYROADE

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